

MINUTES
BOARD OF SUPERVISORS
COUNTY OF YORK

Adjourned Meeting
April 1, 2004

6:00 p.m.

Meeting Convened. An Adjourned Meeting of the York County Board of Supervisors was called to order at 6:00 p.m., Thursday, April 1, 2004, in the East Room, York Hall, by Chairman Thomas G. Shepperd, Jr.

Attendance. The following members of the Board of Supervisors were present: Walter C. Zarembo, Sheila S. Noll, Kenneth L. Bowman, James S. Burgett, and Thomas G. Shepperd, Jr.

Also in attendance were James O. McReynolds, County Administrator; J. Mark Carter, Assistant County Administrator; and James E. Barnett, County Attorney.

WORK SESSION

PROPOSED FISCAL YEAR 2005 BUDGET AND 2004 TAX RATES

Chairman Shepperd stated the objective of this meeting is to see if the Board can reach a consensus to proceed to a budget proposal for the April 6 meeting. Mr. McReynolds will go through results of previous meetings and take a look at things the Board has agreed to and things still on the table. He asked the Board members to make sure they have all have their questions answered.

Mr. McReynolds provided the following information in answer to the Board's questions at the last work session:

Registrar's Voting Machines: Required by the Help America Vote Act. A part-time position is proposed to be upgraded from .5 to .75 FTE at a cost of \$6,694. The machines cost \$61,500, but when the proposed budget was finalized the Registrar indicated that Federal grants would not likely be available. Since then some Federal money has passed to the state, and the Registrar is actively pursuing a share. The County could receive up to \$30,000.

Video Server: Total cost of \$56,180 to be split 50/50 with the Schools—net cost to the County is \$28,090.

Grounds Maintenance Services and Corridor Improvements: Staff had looked into outsourcing the operation versus providing in-house labor. Staff proposed County forces where it made sense, and when not there were bids for contracts. Last year an in-depth analysis was done for grounds maintenance effort, and staff looks continually at what is more cost effective. The following information shows the costing results of the most cost-effective way to provide certain grounds maintenance services:

	<u>Contracting</u>	<u>County Staff</u>
Mowing	\$ 261,657*	\$ 145,253
Litter	49,504*	VPRJ
Landscape Maintenance	83,858**	164,514

*Bid for FY04 mowing services and vendor proposal (in-house more cost effective)

**Current contract for route 17/171 and new bids received for Route 199, March 2004 (contract more cost effective)

Potential Capital Improvements Project Reductions: Staff proposed the following project reductions for the FY2005 budget:

• Recreation Facilities	\$ 20,000	
• Waste Management Center Roof	18,000	
• Station 3 Heat Pumps		19,000
• Public Safety Building Carpet	62,000	
• Parking Lot Repair	60,000	
• Environmental Enhancements	45,000	
• Dirt Street Program	26,000	
• Undergrounding Utilities	<u>15,000</u>	
Total CIP Reductions	\$265,000	

Mr. McReynolds then recapped the potential budget reduction options under consideration at the last work session as follows:

Unallocated Revenue	\$ 585,000	
Education Transfer Options:		
Noll	\$ 342,000	
Shepperd-Bowman	684,000	
Zaremba-Burgett	1,368,000	
New Personnel		170,000
Software Upgrade	100,000	
CIP	265,000	
Solid Waste Contribution	100,000	
General Price Increase	75,000	

Mrs. Noll indicated she was concerned about the software upgrade not taking place next year. She stated the School Division was in the process of doing it, and she felt it will slow down the staff's efficiency.

Mrs. Marycarol White, Director of Financial and Management Services, noted the School Division will be upgrading in FY05. If County staff does not upgrade, there is a possibility of losing the ability to have a secure email connection with the School Division.

Mr. Bowman asked if the County has a secure network.

Mrs. White answered yes, and without the upgrade the network would no longer be compatible with all users. She noted the funding also included a server upgrade.

Chairman Shepperd asked why the upgrade was a proposed reduction if it is so critical.

Mr. McReynolds stated because it is one of those items that is available for reduction that isn't critical to the operation of the County. It will reduce staff efficiency, and they will still be compatible with a number of users, but over time it will cause the County operation and networking capabilities to be less efficient than they are today. He stated not having the upgrade in FY05 will cause some problems, and there are some already. He noted it is on the table because it is not a critical component to keep our network running; it will become harder to trade information back and forth.

Mr. Zaremba suggested if the software is an issue of import, that during the year the Computer Support Services personnel provide the Board with a presentation at a work session to educate the Board members as to the County's network capabilities.

Mr. McReynolds stated that if there were to be that kind of funding available at the end of the year, he would recommend that the funds be used to purchase the upgrade.

Chairman Shepperd then asked to hear from each of the Board members as to their position on the schools' contribution.

Mr. Burgett noted that the schools portion is the biggest item in the County budget and the County's second largest employer. He stated the Board has always given the School Division what it wanted and always supported them. He noted that in his district, and in a lot of the others, there is a combination of senior citizens on fixed income and waterfront properties and large assessments, and the Board has to look at helping these people. When the Board goes to the budget to look where it can find a reduction, it must look at the largest user. Mr. Burgett stated he felt that 5 percent was a good pay increase for the teachers, and he feels very strongly about a reduction of \$1.368 million. He stated the School Division will still have plenty of funding and the support of the Board of Supervisors.

Mr. Bowman stated he found it very hard to come up with items to cut because they all are justifiable. The school budget does draw the biggest chunk of the County's budget. Looking at the big picture, he stated he looks at what makes York County and what is it about. A lot of things draw people--the way of life, public safety, education, low tax rates, and low crime rates to name a few. He stated what the school division has to run the organization on is very large, and he agreed that Dr. Staples is doing a great job, and he has trouble with not funding all of it; but he stated he felt the School Division can afford to take a little cut but not every bit of it. Mr. Bowman stated he did not want any tax rate reduction because it will have consequences down the road, and he feels there would be a tangible benefit from the extra funding. He stated if there is a reduction, he would agree to no more than \$684,000.

Mr. Zaremba presented the Board members with updated information on what he presented to them at the last work session. He noted that for the last several months the Board has worked on a budget predicated on increased revenues over what the County expects to receive this year, and he was trying to bring some reasonableness into what the Board should expect the citizens to shoulder as a burden. Mr. Zaremba stated he was asking the Board to reduce the \$11 million projected increase by \$4 million which still gives an increase in revenue of 9.2 percent over FY2004 revenues. He then talked about staff, stating York County has the premier public education system in Tidewater. As Dr. Staples has pointed out, York County spends less per capita on its children than its neighbors and out performs them at any measure. He stated he feels that throwing more money in a program does not equate to improved performance. Mr. Zaremba stated that allocating the extra \$1.3 million to school division would allow the superintendent to give the teachers a 7 percent increase which would be a pretty substantial pay increase in one year.

Mrs. Noll stated all the Board members have good arguments, but she agrees more with Mr. Bowman's position. She stated she worries that the tax rate will be cut and next year the Board will have to raise it again. She indicated staff will be looking at the assessments with an independent audit, and the Board is also looking at addressing what more can be done to relieve the tax burden on senior citizens. She noted that Mr. McReynolds has provided information on the reassessment that shows the annual increases in other jurisdictions are higher and their rates are higher. It is unfortunate that the market is driving it this way, but everyone is experiencing these problems. The lower tax rate does bring more people to the county and makes them able to pay more for a house. Mrs. Noll stated she would rather leave the tax rate the way it is because it brings stability to the county, and the Board has managed the money very well in the past and has accomplished a great deal. She suggested that some of the money be taken from the schools and from the County side and put into a rainy day fund. She noted that there still is no budget from the state, and the Board and staff cannot depend on what will come from Richmond. She also noted that the teachers are not in the median range, and they should be brought up to the average, and this is the County's opportunity to do so with the extra funding. Mrs. Noll indicated she felt the Board was putting off maintenance to infrastructure that will cause a raise in taxes during a downturn in the economy. She stated she would agree to a \$456,000 reduction rather than \$342,000.

Chairman Shepperd spoke of certain assumptions that were being made concerning growth and the tax rate that has remained \$.86 for so many years. He stated the County's build-out will cause the number of employees to grow, and the increase in assessments and business has allowed the tax rate to remain at \$.86. He noted that Mr. McReynolds said in the beginning of this process that the County was reaching the point of where the Board would have to raise the tax rate to compensate for requirements. Mr. Shepperd also stated he did not agree with a fixed formula for school funding because it is not based on requirements. He stated

cutting the tax rate might encourage people to move to the County, but putting more money in the schools also encourages people to move into the County. Mr. Shepperd expressed his concern about what the Board might be doing to the County's future, and stated he cannot support the \$1.368 million reduction. He stated he would support a \$825,000 reduction which moves more toward the 5-cent level, and he feels the schools will still be able to meet its requirements and technology goals.

Discussion followed regarding the Board members' different proposals for a reduction to the current tax rate.

Meeting Recessed. At 7:56 p.m. Chairman Shepperd declared a short recess.

Meeting Reconvened. At 8:16 p.m. the meeting was reconvened in open session by order of the Chair.

Chairman Shepperd asked the Board members to again express what they feel comfortable with in terms of the tax rate to see if a consensus or a majority can be reached so that the County Administrator can proceed with a budget.

Mr. Burgett stated he wants to do as much as he can for the people, so he would support a 4.25-cent reduction in the tax rate.

Mr. Bowman stated again he hates to reduce the tax rate, but he would agree to a 4.25-cent reduction.

Mr. Zaremba stated that taking \$4 million out of the expected revenue still leaves a 9.2 percent increase over this year. He stated he thinks there is already a consensus or majority to support the 4.25 cents, but he recommended a 5-cent reduction.

Mrs. Noll also stated she could not support Mr. Zaremba's recommendation or the 4.25-cent proposal. She indicated the best she could support was a 2-cent reduction. She noted she did not want to reduce the tax rate at all because of the County's future needs. She noted she was willing to compromise because expenditures are getting a little higher than they should be, and she wanted a rainy day fund to help protect the County.

Chairman Shepperd asked what a 4.25-cent reduction would mean in terms of a reduction to the schools funding.

Mr. McReynolds stated it meant a reduction of \$925,000.

Chairman Shepperd stated that based on the revenue increase and by the formula the schools were to receive \$4 million, this reduction will give the schools just over \$3 million in additional funding. He noted that all the Board members are very concerned about the assessments and the tax rate. This proposal means only about an increase of \$42 per \$100,000 of evaluation. Mr. Shepperd stated he would rather have a consensus, but in this particular case there is a majority to move forward with 4.25-cent reduction because that is what he also will support. He directed Mr. McReynolds and staff, with the majority of the Board's position, to present a 4.25-cent reduction to the tax rate for adoption on April 6.

Meeting Adjourned. At 8:30 p.m. Chairman Shepperd declared that the meeting be adjourned to 5:00 p.m., Tuesday, April 6, 2004, in the East Room, York Hall, for the purpose of conducting a work session.

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